

STATINTL

Marine News

State Dept. and Celler Hit Onassis-Saudi Pact

By Walter Hamshar

Cites Indictment

The agreement between Aristotele Socrates Onassis and the Saudi Arabian government giving the former's tankers preference in transportation of oil from that country was the subject of two Washington statements yesterday, one of them a warning by Rep. Emanuel Celler, D., N. Y., to oil companies not to make any deals with the Greek-born international ship owner.

The State Department officially confirmed reports that it had protested the Saudi-Onassis agreement in testimony yesterday by Harvey Klemmer, acting director of the department's office of transport. Mr. Klemmer told the House Merchant Marine and Fisheries Committee that the deal "may eventually give a virtual monopoly" of oil exports to companies controlled by Mr. Onassis.

The State Department has also discovered, Mr. Klemmer said, that "three other countries have been approached" to enter into similar agreements. He did not identify the three nations or who approached them, but other sources report that they are Iran, Iraq and Venezuela.

Fears Wider Use

"If this sort of thing should spread," Mr. Klemmer pointed out, "there is no reason why other countries with a major export—bananas, iron ore, manganese and so on—shouldn't do the same sort of thing."

Mr. Celler strongly criticized one provision of the agreement which is reported to bar Jews as officers or stockholders of any Onassis tanker company. Since this is worded to bar Jews from having any interest in Onassis tankers, a strict interpretation by Saudi Arabia could bar any financial institution from having mortgages on Mr. Onassis' ships if there are Jews on the boards of directors of such institutions.

The Arab bloc countries have consistently opposed the delivery of oil from wells in their nations to Israel, forcing that nation to purchase its petroleum from other sources.

Referring to a Federal indictment pending against Mr. Onassis charging that he participated in fraudulent purchases of war-built tankers from the American government, Mr. Celler said that "undoubtedly Onassis will try to extricate himself from his difficulties with the American government by offering to make deals of various sorts."

"He may agree to modify his monopoly for the benefit of certain countries or companies on the principle of divide and conquer," Mr. Celler continued. "He may even graciously allow the American oil companies to keep their present share of tonnage in return for their complaisance with respect to the rest of this pernicious agreement."

"I hardly think it necessary to warn the American oil companies against entering into any such agreement with a man whose conspiracies are adverse to the freedom of international trade and to the foreign policy of the United States. I urge once again that the United States State Department and the Foreign Operations Administration actively and vigorously review this unpalatable and monopolistic agreement."

Onassis Abroad

Mr. Onassis, who is out of the country, has told this reporter that he entered the agreement in self-defense after learning that other companies were considering it. The agreement provides that Onassis ships get first preference in carrying all petroleum from Saudi Arabia after vessels of the four companies making up Arabian American Oil Co. Aramco's vessels are limited to those in service carrying Arabian oil up to Dec. 31, 1953.

Mr. Onassis, on his part, has agreed to provide 500,000 tons of shipping under the Arabian flag and pay a royalty of one shilling for every ton of oil carried by his vessels.

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